

**BRILEY TOWNSHIP  
BASIC FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2008**

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**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET  
LEWISTON, MICHIGAN 49756  
TELEPHONE: (989) 786-4032  
FAX: (989) 786-4032

## **INDEPENDENT AUDITOR'S REPORT**

September 22, 2008

Township Board  
Briley Township  
Atlanta, Michigan 49709

I have audited the accompanying financial statements of the governmental activities, the business type activity, each major fund, and the aggregate remaining fund information of Briley Township, Montmorency County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Briley Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activity, each major fund, and the aggregate remaining fund information of Briley Township, as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

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Township Board  
Briley Township  
September 22, 2008

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Briley Township's basic financial statements. The introductory section, and non-major fund financial statements, are presented for purposes of additional analysis and is not a required part of the basic financial statements. The non-major fund financial statements have been subjected to the auditing procedures applies by me in the audit of the basic financial statements and, in my opinion, based on my audit are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, reading "Thomas R. Zick, CPA P.C.", written in dark ink.

THOMAS R. ZICK CPA, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

# **BRILEY TOWNSHIP**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

### **THE TOWNSHIP AS A WHOLE**

The Township's combined net assets decreased 1.03% from a year ago – increasing by \$12,746

The minor increase in overall Township tax revenues is the result of taxable value growth. The business type activity experienced a \$25,934 reduction in net assets.

In a condensed format, the table below shows a calculation of the net assets as of the current balance sheet date. No comparative figures are shown because this government is audited every other year.

	Governmental Activities	Business Type Activity	Total
Current Assets	\$ 906,067	\$ 84,117	\$ 990,184
Noncurrent Assets	355,748	852,378	1,208,126
Total Assets	1,261,815	936,495	2,198,310
Long-term Liabilities	33,691	-	33,691
Total Liabilities	33,691	-	33,691
Net Assets			
Invested in Capital Assets - Net of Debt	355,748	852,378	1,208,126
Restricted	689,156	-	689,156
Unrestricted	183,479	83,686	267,165
Total Net Assets	\$ 1,228,383	\$ 936,064	\$ 2,164,447

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The following table shows the changes in the net assets as of the current year. No comparative figures are shown because this government is audited every other year.

	Governmental Activities	Business Type Activity	Total
Program Revenues			
Charges for Services	\$ 42,862	\$ 45,164	\$ 88,026
Operating Grants and contributions	3,591	3,250	6,841
General Revenues			
Property Taxes	300,434	-	300,434
State Shared Revenues	144,311	-	144,311
Unrestricted Investment Earnings / Other Revenue	<u>72,438</u>	<u>2,295</u>	<u>74,733</u>
Total Revenues	<u>563,636</u>	<u>50,709</u>	<u>614,345</u>
Program Expenses			
General government	306,696	-	306,696
Public Safety	143,390	-	143,390
Public Works	119,532	76,643	196,175
Recreation and Culture	<u>6,764</u>	<u>-</u>	<u>6,764</u>
Total Expenses	<u>576,382</u>	<u>76,643</u>	<u>653,025</u>
Change in Net Assets	<u>\$ (12,746)</u>	<u>\$ (25,934)</u>	<u>\$ (38,680)</u>

The Township's net assets continue to remain healthy.

### **GOVERNMENTAL ACTIVITIES**

The Township's total governmental revenues were \$563,636 which included \$300,434 in property taxes and \$144,311 in State Revenue Sharing..

### **BUSINESS TYPE ACTIVITY**

The Township's only business type activity is a water system which provides water to customers in the downtown area of Atlanta and west to Reimann Road. This activity is supported totally by revenues from the water fund. It showed a decrease in net assets of \$25,934 for the fiscal year.

### **THE TOWNSHIP'S FUNDS**

Our analysis of the Township's major funds begins on page 8 following the Township-wide financial statements. The fund financial statements provide detail information about the most significant funds, not the township as a whole. The township board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as property tax millage. The Township's major funds for 2007/08 include the General Fund, Fire and Ambulance Fund, and Road Fund. The other fund is the Cemetery Fund.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**

The General Fund pays for most of the Township's governmental services, except for fire and ambulance services that are paid for by the Fire and Ambulance Fund, cemetery expenses paid for by the Cemetery Fund, and road expenses paid for by the Road Fund. The most significant services in terms of costs incurred are assessing and employee fringe benefits that are paid by the General Fund. Fire and ambulance services paid by the Fire and Ambulance Fund and road fund expenses paid by the Road Fund are also significant costs.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Township board amended the budget to take into account events during the year. There were only minor budget adjustments during the year. The General Fund Balance increased by \$17,853 during the year.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

At March 31, 2008 the Township had \$1,208,126 invested in net capital assets in a broad range of capital assets, including buildings, equipment and fire equipment, and water system. The Township also invested \$79,704 in cost sharing with the County Road Commission for road construction and improvements. The road asset is not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

The Township has no long-term debt other than compensated absences.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Township's budget for 2008/09 General Fund calls for the allocated millage to continue with a Headlee rollback. The Fire and Ambulance Fund extra voted millage will also continue on the same basis. The Road Fund millage is 1.00 mills. The Cemetery Fund millage will continue as it was in 2007/08. All millages reflect an increase in revenue due to the increase in Taxable Value.

There is continued reduction in the General Fund revenues due to the State not paying Statutory Revenue Sharing. In addition the State does not seem to pay for mandated services even though statutes require it.

We continue to watch our budget closely and meet monthly to maintain budget integrity.

### **CONTACTING THE TOWNSHIP'S MANAGEMENT**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Treasurer's office at (989) 785-4050 or visit the Township offices located in Atlanta, Michigan.

BRILEY TOWNSHIP  
STATEMENT OF NET ASSETS  
MARCH 31, 2008

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash demand, time deposits, and investments	\$ 877,432	\$ 64,245	\$ 941,677
Receivables			
Taxes	26,732	-	26,732
Administration Fee	1,903	-	1,903
Accounts		12,021	12,021
Inventory	-	7,851	7,851
Due From / (To) Other Funds	259	(259)	-
Capital assets			
Land	197,600	5,475	203,075
Other capital assets, net of depreciation	<u>158,148</u>	<u>846,903</u>	<u>1,005,051</u>
 TOTAL ASSETS	 <u>1,262,074</u>	 <u>936,236</u>	 <u>2,198,310</u>
 <b>LIABILITIES</b>			
Accrued liabilities/Compensated assets	<u>33,691</u>	<u>172</u>	<u>33,863</u>
 TOTAL LIABILITIES	 <u>33,691</u>	 <u>172</u>	 <u>33,863</u>
 <b>NET ASSETS</b>			
Invested in capital assets, net of related debt	355,748	852,378	1,208,126
Restricted for:			
Road Fund	636,693	-	636,693
Cemetery Fund	52,463	-	52,463
Unrestricted	<u>183,479</u>	<u>83,686</u>	<u>267,165</u>
 TOTAL NET ASSETS	 <u>\$ 1,228,383</u>	 <u>\$ 936,064</u>	 <u>\$ 2,164,447</u>

See Notes to Financial Statements



BRILEY TOWNSHIP  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2008

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating	Capital	Governmental	Business Type	Total
		Services	Grants and	Grants	Activities	Activity	
			Contributions				
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General Government	\$ 306,696	\$ 40,702	\$ -	\$ -	\$ (265,994)	\$ -	\$ (265,994)
Public Safety	143,390	-	3,591	-	(139,799)	-	(139,799)
Public Works	119,532	2,160	-	-	(117,372)	-	(117,372)
Recreation and Culture	6,764	-	-	-	(6,764)	-	(6,764)
Total Governmental Activities	<u>576,382</u>	<u>42,862</u>	<u>3,591</u>	<u>-</u>	<u>(529,929)</u>	<u>-</u>	<u>(529,929)</u>
<b>Business Type Activity</b>							
Water Fund	<u>76,643</u>	<u>45,164</u>	<u>3,250</u>	<u>-</u>	<u>-</u>	<u>(28,229)</u>	<u>(28,229)</u>
Total Primary Government	<u>\$ 653,025</u>	<u>\$ 88,026</u>	<u>\$ 6,841</u>	<u>\$ -</u>	<u>(529,929)</u>	<u>(28,229)</u>	<u>(558,158)</u>
<b>General revenues:</b>					Governmental	Business Type	Total
Taxes:					Activities	Activities	
Property taxes levied for general operating purposes					\$ 300,434	\$ -	\$ 300,434
State Revenue Sharing not restricted to specific purposes					144,311	-	144,311
Interest and royalty earnings / other revenue					<u>72,438</u>	<u>2,295</u>	<u>74,733</u>
Total general revenues and taxes					<u>517,183</u>	<u>2,295</u>	<u>519,478</u>
Change in net assets					(12,746)	(25,934)	(38,680)
Net assets, beginning of year					<u>1,241,129</u>	<u>961,998</u>	<u>2,203,127</u>
<b>Net assets, end of year</b>					<u>\$ 1,228,383</u>	<u>\$ 936,064</u>	<u>\$ 2,164,447</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2008

				NON-MAJOR FUND	
	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD FUND	CEMETERY FUND	TOTAL
ASSETS					
Cash and Investments	\$ 195,206	\$ -	\$ 631,195	\$ 51,031	\$ 877,432
Receivables					
Taxes	5,929	12,823	6,435	1,545	26,732
Administration Fee	1,903	-	-	-	1,903
Due From Other Funds	<u>259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259</u>
TOTAL ASSETS	<u>\$ 203,297</u>	<u>\$ 12,823</u>	<u>\$ 637,630</u>	<u>\$ 52,576</u>	<u>\$ 906,326</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable/Accrued Liabilities	<u>\$ 7,363</u>	<u>\$ 12,823</u>	<u>\$ 937</u>	<u>\$ 113</u>	<u>\$ 21,236</u>
TOTAL LIABILITIES	<u>7,363</u>	<u>12,823</u>	<u>937</u>	<u>113</u>	<u>21,236</u>
FUND BALANCES					
Reserved	-	-	636,693	52,463	689,156
Unreserved	<u>195,934</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,934</u>
TOTAL FUND BALANCES	<u>195,934</u>	<u>-</u>	<u>636,693</u>	<u>52,463</u>	<u>885,090</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 203,297</u>	<u>\$ 12,823</u>	<u>\$ 637,630</u>	<u>\$ 52,576</u>	<u>\$ 906,326</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
Reconciliation of Fund Balances on the Balance Sheet  
for Governmental Funds to Net Assets of  
Governmental Activities on the Statement of Net Assets  
MARCH 31, 2008

Fund Balances - Total Governmental Funds	\$ 885,090
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital Assets - at Cost	688,225
Accumulated Depreciation	(332,477)

Accrued personal leave is not included as a liability in the governmental funds	<u>(12,455)</u>
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Net Assets of Governmental Activities	<u>\$ 1,228,383</u>
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See Notes to Financial Statements

BRILEY TOWNSHIP  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2008

	GENERAL FUND	FIRE & AMBULANCE FUND	ROAD FUND	NON-MAJOR FUND CEMETERY FUND	TOTAL
REVENUES					
Taxes	\$ 78,935	\$ 136,272	\$ 68,488	16,739	\$ 300,434
State Sources	144,311	-	3,591	-	147,902
Charges for Services	8,979	-	2,160	9,870	21,009
Interest Income / Royalty Income	42,468	-	26,747	2,501	71,716
Administration Fee	21,853	-	-	-	21,853
Other Revenue	<u>722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722</u>
TOTAL REVENUES	<u>297,268</u>	<u>136,272</u>	<u>100,986</u>	<u>29,110</u>	<u>563,636</u>
EXPENDITURES					
General Government	264,133	-	-	29,079	293,212
Public Safety	5,055	136,272	-	-	141,327
Public Works	5,847	-	105,332	-	111,179
Recreation & Culture	4,380	-	-	-	4,380
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>279,415</u>	<u>136,272</u>	<u>105,332</u>	<u>29,079</u>	<u>550,098</u>
REVENUES OVER (UNDER) EXPENDITURES	17,853	-	(4,346)	31	13,538
FUND BALANCES, BEGINNING OF YEAR	<u>178,081</u>	<u>-</u>	<u>641,039</u>	<u>52,432</u>	<u>871,552</u>
FUND BALANCES, END OF YEAR	<u>\$ 195,934</u>	<u>\$ -</u>	<u>\$ 636,693</u>	<u>\$ 52,463</u>	<u>\$ 885,090</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
FOR THE YEAR ENDED MARCH 31, 2008

Net Change in Fund Balances - Total Governmental Funds	\$ 13,538
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Amounts reported for *governmental activities* in the statement of activities  
are different because:

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities, the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense.

Add - Capital Outlay	-
Deduct - Depreciation Expense	(22,487)

Increase in Accrued Personal Leave	<u>(3,797)</u>
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Change in Net Assets of Governmental Funds	<u>\$ (12,746)</u>
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See Notes to Financial Statements

BRILEY TOWNSHIP  
 PROPRIETARY FUND  
 STATEMENT OF NET ASSETS  
 MARCH 31, 2008

	ENTERPRISE FUND <u>WATER</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 64,245
Account Receivable	12,021
Inventories	7,851
Capital Assets	
Land	5,475
Property, Plant, and Equipment - Net	<u>846,903</u>
 TOTAL ASSETS	 <u>936,495</u>
LIABILITIES	
Accrued liabilities/Compensated assets	172
Due to other funds	<u>259</u>
 TOTAL LIABILITIES	 <u>431</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	852,378
Unrestricted net assets	<u>83,686</u>
 TOTAL NET ASSETS	 <u>\$ 936,064</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 MARCH 31, 2008

	ENTERPRISE FUND WATER
OPERATING REVENUES	
Charges for Services	\$ 45,164
Other	<u>-</u>
TOTAL OPERATING REVENUES	<u>45,164</u>
OPERATING EXPENSES	
Wages/Payroll Taxes/Fringe Benefits	21,990
Supplies/Repair Parts	2,556
Services/Utilities	17,694
Depreciation Expense	<u>34,403</u>
TOTAL OPERATING EXPENSES	<u>76,643</u>
OPERATING INCOME (LOSS)	<u>(31,479)</u>
NONOPERATING REVENUES (EXPENSES)	
State Grant	3,250
Interest Income	<u>2,295</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>5,545</u>
NET INCOME (LOSS)	(25,934)
NET ASSETS, BEGINNING OF YEAR	<u>961,998</u>
NET ASSETS, END OF YEAR	<u>\$ 936,064</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED MARCH 31, 2008

	ENTERPRISE FUND WATER
Cash Flows from Operating Activities:	
Cash received from customers	\$ 41,950
Cash payments for goods and services	(20,078)
Cash payments to employees for services	<u>(21,990)</u>
Net Cash Provided (Used) by Operating Activities	<u>(118)</u>
Cash Flows From Non Capital Financing Activities:	
Operating Grants Received	3,250
Advance From General Fund	<u>259</u>
Net Cash Provided by Non Capital Financing Activities	<u>3,509</u>
Cash Flows from Investing Activities:	
Interest Received	<u>2,295</u>
Net Cash Provided by Investing Activities	<u>2,295</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,686
Cash and Cash Equivalents, Beginning of Year	<u>58,559</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 64,245</u></u>
Operating Income (Loss)	\$ (31,479)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation Expense	34,403
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(3,214)
Increase (Decrease) in Accounts Payable	<u>172</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (118)</u></u>

See Notes to Financial Statements



BRILEY TOWNSHIP  
STATEMENT OF FIDUCIARY FUND NET ASSETS  
AGENCY FUNDS  
MARCH 31, 2008

	<u>ASSETS</u>	
Cash		\$ <u>228</u>
	<u>TOTAL ASSETS</u>	<u>\$ 228</u>
	<u>LIABILITIES</u>	
Due to Other Governmental Units		\$ <u>228</u>
	<u>TOTAL LIABILITIES</u>	<u>\$ 228</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Briley Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

**REPORTING ENTITY**

The General Law Township is located in Montmorency County, Michigan and operated under an elected Township Board consisting of a Supervisor, Treasurer, Clerk, and two Trustees. This Board and its employees provide services to its residents in areas such as fire protection, ambulance service, voter registration, maintenance of township facilities, planning and zoning, park operation, and water service.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the Township's reporting entity, and which organizations are legally separate, component units of the Township. Based on the application of the criteria, the Township does not contain any component units.

**TOWNSHIP-WIDE AND FUND FINANCIAL STATEMENTS**

The township-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the Township's Township-wide activities are considered governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the township-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

**Township-Wide Financial Statements** - The township-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the township-wide financial statements.

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided; and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid/revenue sharing.

**Fund Financial Statements** – Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state revenue sharing, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

Fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

The Township reports the following major governmental funds:

**General Fund** - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund.

**Fire and Ambulance Fund** – This is a special revenue fund used to record revenue and expenditures related to the fire and ambulance department activities.

**Road Fund** – This is a special revenue fund used to record the proceeds from tax levies and to record the expenditures for road improvements.

The Township reports only one business type activity fund, the Water Fund, which is an enterprise fund and is reported as a major fund.

Additionally, the Township reports the following governmental fund as a non-major fund: Special Revenue Cemetery Fund.

**Fiduciary Funds** – The Township maintains an Agency Fund to record the tax collection transactions. The funds are segregated and used to record the tax collection and distribution of taxes to the various taxing entities.

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**Cash and Investments** – Cash and investments include cash on hand, demand deposits, and savings accounts and certificates of deposit.

**Receivables and Payables** – In general, outstanding balances between funds are reported as “due to/from other funds.”

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

All property tax receivables are shown net of an allowance for uncollectible amounts. The Township considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31 and the related property taxes are levied and become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county delinquent tax rolls. The County operates a delinquent tax revolving fund and normally pays to the Township all current taxes annually prior to June 30.

**Capital Assets** – Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental column in the Township-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The Township does not have infrastructure-type assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and building additions	10-50 years
Vehicles	7-15 years
Furniture and other equipment	2-20 years

**Long-Term Obligations** – In the Township-wide financial statements long-term debt and other long-term obligations would be reported as liabilities in the statement of net assets. Briley Township has no long term debt other than compensated absences.

**Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Comparative Date** – Comparative data is not included in the Township's financial statements, because the township is audited every other year.

**Accounting Change** – Effective April 1, 2007, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB No. 34) along with all related statements and interpretations. Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- § A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- § Township-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- § Capital assets in the governmental activities column of the statement of net assets includes assets totaling \$355,748 not previously accounted for by the Township

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- § The governmental activities column includes accrued personal leave time of \$12,455 not previously reported.
- § The fund financial statements focus on major funds rather than fund types.

**BUDGETS AND BUDGETARY ACCOUNTING**

All funds are under the direct supervision and budgetary control of the Township board. In accordance with PA 621 of 1978, the Uniform Budgeting and Accounting Act as amended, the Township board adopts a budget for the general fund and the fire special revenue fund. Any budget violations are disclosed in the audits of the Township's financial statements as required by law.

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgets, as adopted, lapse after the close of the fiscal, and a new budget is adopted for the ensuing year. The budget for Briley Township, as presented in the accompanying financial statements is the amended budget as well as the original adopted budget for the funds required to be budgeted under state statute.

**NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Budgetary Information – Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the general and special revenue funds. All annual appropriations lapse at the fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the Township to have its budget in place by April 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits Townships to amend their budgets during the year.

**Excess Expenditures Over Appropriations in Budgeted Funds** - The Township is required under Public Act 621 of 1978 to adopt (pass) a budget (General Appropriations Act) for the General Fund and Individual Special Revenue Funds. The Township complied in all areas.

The following expenditure categories exceeded the final amended budget as follows:

	<u>Amended Budget ,</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Township Board	\$ 106,927	\$ 113,954	\$ (7,027)
Board of Review	\$ 2,000	\$ 2,006	\$ (6)
Election	\$ 1,600	\$ 1,663	\$ (63)
Other Services	\$ 64,300	\$ 65,505	\$ (1,205)
Blight Enforcement	\$ 3,050	\$ 3,733	\$ (683)
Fire and Ambulance Fund:			
Contractual - Fire	\$ 65,144	\$ 68,136	\$ (2,992)
Contractual - Ambulance	\$ 65,144	\$ 68,136	\$ (2,992)

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**NOTE 3 - CASH AND INVESTMENTS**

The captions on the combined balance sheet related to cash and investments are as follows:

	Cash/checking				
	<u>Imprest</u>	<u>Cert of Deposit</u>	<u>and Savings</u>	<u>Investments</u>	<u>Total</u>
Government Activities	\$ 50	\$ 789,159	\$ 58,134	\$ 94,334	\$ 941,677
Agency Funds	<u>-</u>	<u>-0-</u>	<u>228</u>	<u>-0-</u>	<u>228</u>
	<u>\$ 50</u>	<u>\$ 789,159</u>	<u>\$ 58,362</u>	<u>\$ 94,334</u>	<u>\$ 941,677</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$847,521 and the bank balance was \$890,353 was classified as to risk as follows.

Insured	\$ 358,303
Uninsured – Uncollateralized	<u>489,218</u>
	<u>\$ 847,521</u>

Investments – Act 217, PA 1982, authorized the Township to deposit and invest in the following:

- a. Bonds, bills, and other direct obligations of the United States or its agencies.
- b. Certificates of deposit and other savings instruments issued by a federally insured bank, savings and loan or credit union maintaining an office in Michigan.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Mutual Funds comprised of investments which are legal for direct investment by local units of government in Michigan.
- e. U.S. Government or federal agency obligation repurchase agreements.
- f. Bankers' acceptance of United States banks

The \$94,334 in investments are held in the National City Municipal Investment Trust which is uninsured.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

**Credit Risk**

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

**Interest Rate Risk**

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**NOTE 3 - CASH AND INVESTMENTS (CONTINUED)**

Concentration of Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments of collateral securities that are in possession of an outside party.

The Township Board is authorized to designate depositories for Township funds, and the funds are invested in accordance with State of Michigan statutory authority.

**NOTE 4 - RISK MANAGEMENT**

The Township purchases insurance in the Michigan Township Participating Plan for its liability, property and automobile coverage.

Worker compensation is purchased through the Accident Fund Insurance Company of America.

The Michigan Township Participating Plan is an authorized Michigan Self-Insurance Association and Briley Township is accepted as a member in this plan organized under Public Act 138 of 1982. A substantial number of Michigan townships participate in this coverage.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity of the Township's governmental activities for the current year was as follows:

	Balance <u>March 31, 2007</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>March 31, 2008</u>
Capital assets not being depreciated:				
Land	\$ 197,600		\$ -	\$ 197,600
Capital assets being depreciated:				
Building and building improvements	304,858	-	-	304,858
Equipment and vehicles	185,767	-	-	185,767
Subtotal	490,625	-	-	490,625
Accumulated depreciation	309,990	22,487	-	332,477
Net capital assets being depreciated	180,635	(22,487)	-	158,148
Net governmental capital assets	\$ 378,235	\$ (22,487)	\$ -	\$ 355,748

BRILEY TOWNSHIP  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2008

**NOTE 5 – CAPITAL ASSETS ( CONTINUED)**

Capital asset activity of the business type activities for the current year was as follows:

BUSINESS TYPE ACTIVITIES

	Balance March 31, 2007	Additions	Disposals	Balance March 31, 2008
Capital assets being depreciated:				
Land	\$ 5,475	\$ -	\$ -	\$ 5,475
Equipment and vehicles	1,375,018	-	-	1,375,018
Subtotal	1,380,493	-	-	1,380,493
Accumulated depreciation	493,711	34,403	-	528,114
Net capital assets	<u>\$ 886,782</u>	<u>\$ (34,403)</u>	<u>\$ -</u>	<u>\$ 852,379</u>

Depreciation expense was charged to activities of the Township as follows:

Governmental Activities:	
General Government	\$ 9,687
Public Safety	2,063
Public Works	8,353
Recreation and Culture	2,384
Total	<u>\$ 22,487</u>
Business Type Activities:	
Water Fund	<u>\$ 34,403</u>
Total	<u>\$ 34,403</u>

**NOTE 6 – COMPENSATED ABSENCES**

The Township's personnel policy provides for the payment of vacation, sick and comp time. This accumulates with no limit. Compensated absences totaled \$12,455 at March 31, 2008.



## **REQUIRED SUPPLEMENTARY INFORMATION**

BRILEY TOWNSHIP  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, OTHER SOURCES (USES)  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 78,024	\$ 78,024	\$ 78,935	\$ 911
State Sources	142,828	142,828	144,311	1,483
Charges for Services	10,835	10,210	8,979	(1,231)
Interest Income	39,000	39,000	42,468	3,468
Administration Fee	22,000	22,000	21,853	(147)
Other	6,000	1,000	722	(278)
TOTAL REVENUES	<u>298,687</u>	<u>293,062</u>	<u>297,268</u>	<u>4,206</u>
EXPENDITURES				
General Government:				
Township Board	119,419	106,927	113,954	(7,027)
Supervisor	12,350	12,350	12,300	50
Clerk	12,350	12,350	12,300	50
Data Processing	2,000	2,000	1,407	593
Board of Review	2,000	2,000	2,006	(6)
Treasurer	19,300	19,300	19,278	22
Assessor	24,120	24,120	23,650	470
Election	500	1,600	1,663	(63)
Township Hall	11,902	13,002	12,070	932
Other Services	63,200	64,300	65,505	(1,205)
Capital Outlay	-	-	-	-
Total General Government	<u>267,141</u>	<u>257,949</u>	<u>264,133</u>	<u>(6,184)</u>
Public Safety:				
Board of Appeals	300	300	252	48
Blight Enforcement	3,050	3,050	3,733	(683)
Planning and Zoning	3,000	3,000	1,070	1,930
Total Public Safety	<u>6,350</u>	<u>6,350</u>	<u>5,055</u>	<u>1,295</u>
Public Works				
Street Lights	9,080	6,580	5,847	733
Public Improvements	-	11,550	-	11,550
Total Public Works	<u>9,080</u>	<u>18,130</u>	<u>5,847</u>	<u>12,283</u>
Recreation & Culture:				
Parks and Recreation	12,440	4,740	4,380	360
Total Recreation & Culture	<u>12,440</u>	<u>4,740</u>	<u>4,380</u>	<u>360</u>
TOTAL EXPENDITURES	<u>295,011</u>	<u>287,169</u>	<u>279,415</u>	<u>7,754</u>
REVENUES OVER (UNDER) EXPENDITURES	3,676	5,893	17,853	11,960
FUND BALANCES, BEGINNING OF YEAR	<u>183,562</u>	<u>186,523</u>	<u>178,081</u>	<u>(8,442)</u>
FUND BALANCES, END OF YEAR	<u>\$ 187,238</u>	<u>\$ 192,416</u>	<u>\$ 195,934</u>	<u>\$ 3,518</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
FIRE & AMBULANCE FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes - Fire	\$ 65,122	\$ 65,122	\$ 68,136	\$ 3,014
Taxes - Ambulance	65,122	65,122	68,136	3,014
Interest	<u>44</u>	<u>44</u>	<u>-</u>	<u>(44)</u>
TOTAL REVENUES	<u>130,288</u>	<u>130,288</u>	<u>136,272</u>	<u>5,984</u>
EXPENDITURES				
Public Safety				-
Contractual Services - Fire	65,144	65,144	68,136	(2,992)
Contractual Services - Ambulance	<u>65,144</u>	<u>65,144</u>	<u>68,136</u>	<u>(2,992)</u>
TOTAL EXPENDITURES	<u>130,288</u>	<u>130,288</u>	<u>136,272</u>	<u>(5,984)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements

BRILEY TOWNSHIP  
ROAD FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2008

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes	\$ 72,722	\$ 72,722	\$ 68,488	\$ (4,234)
State	3,000	3,000	3,591	591
Interest	18,000	18,000	26,747	8,747
Charges for Services	<u>1,750</u>	<u>1,750</u>	<u>2,160</u>	<u>410</u>
TOTAL REVENUES	<u>95,472</u>	<u>95,472</u>	<u>100,986</u>	<u>5,514</u>
EXPENDITURES				
Wages	8,703	8,703	9,033	(330)
Fringes	653	653	691	(38)
Contractual	<u>129,000</u>	<u>105,804</u>	<u>95,608</u>	<u>10,196</u>
TOTAL EXPENDITURES	<u>138,356</u>	<u>115,160</u>	<u>105,332</u>	<u>9,828</u>
REVENUES OVER (UNDER) EXPENDITURES	(42,884)	(19,688)	(4,346)	15,342
FUND BALANCES, BEGINNING OF YEAR	<u>613,601</u>	<u>628,566</u>	<u>641,039</u>	<u>12,473</u>
FUND BALANCES, END OF YEAR	<u>\$ 570,717</u>	<u>\$ 608,878</u>	<u>\$ 636,693</u>	<u>\$ 27,815</u>

See Notes to Financial Statements



**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET  
LEWISTON, MICHIGAN 49756  
TELEPHONE: (989) 786-4032  
FAX: (989) 786-4032

### INTERNAL CONTROL LETTER

September 22, 2008

Township Board  
Briley Township  
Atlanta, Michigan 49709

In planning and performing my audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Briley Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, I considered Briley Township's internal control over financial reporting (internal control) as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Briley Township's internal control. Accordingly, I do not express an opinion on the effectiveness of Briley Township's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses as defined above. However, I identified the following deficiency in internal control that I consider to be a significant deficiency.

Establishment and maintenance of internal control over the financial reporting process as defined by Statement on Auditing Standards Number 112 requires management to prepare annual financial statements in accordance with GASB Statement Number 34. The Township's auditor prepares these financial statements.

This communication is intended solely for the information and use of management, the Township Board, and the Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Thomas R. Zick CPA, P.C.  
Certified Public Accountant



**Thomas R. Zick CPA, P.C.**  
CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 149, 2947 MANTZ STREET  
LEWISTON, MICHIGAN 49756  
TELEPHONE: (989) 786-4032  
FAX: (989) 786-4032

## **REPORT TO MANAGEMENT / TOWNSHIP BOARD**

September 22, 2008

Township Board  
Briley Township  
Atlanta, Michigan 49709

I have audited the financial statements of Briley Township for the year ended March 31, 2008, and have issued my reports thereon dated September 12, 2008. Professional standards require that I provide you with the following information related to my audit.

### **My Responsibility Under U.S. Generally Accepted Auditing Standards**

My responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. Generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

In planning and performing my audit, I considered Briley Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. I also considered internal control over compliance with requirements that could have a direct and material effect on the financial statements.

As part of obtaining reasonable assurance about whether Briley Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit. While my audit provides a reasonable basis for my opinion, it does not provide a legal determination of Briley Township's compliance with those requirements.

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Briley Township are described in Note 1 to the financial statements. I noted no transactions entered into by Briley Township during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### **Accounting Estimates**

Some accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience and past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. My conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment, may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on Briley Township's financial reporting process (that is, cause future financial statements to be materially misstated). All of the adjustments I proposed have been recorded by Briley Township.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. I am pleased to report that no such disagreements arose during the course of my audit.

### **Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Briley Township's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with me to determine that the consultant has all of the relevant facts. To my knowledge, there were no such consultations with other accountants.

### **Issues Discussed Prior to Retention of Independent Auditors**

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Briley Township's auditors. However, these discussions occurred in the normal course of our professional relationship and my responses were not a condition to my retention.

### **Difficulties Encountered in Performing the Audit**

I encountered no significant difficulties in dealing with management in performing and completing my audit.

### **COMMENTS AND RECOMMENDATIONS**

The following is a summary of my observations with suggestions for improvements I believe should be brought to your attention.

### **BUDGETS**

The Township properly adopted the budget. Throughout the year adjustments were made.

The following expenditure categories exceeded the final amended budget as follows:

	<u>Amended Budget ,</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Township Board	\$ 106,927	\$ 113,954	\$ (7,027)
Board of Review	\$ 2,000	\$ 2,006	\$ (6)
Election	\$ 1,600	\$ 1,663	\$ (63)
Other Services	\$ 64,300	\$ 65,505	\$ (1,205)
Blight Enforcement	\$ 3,050	\$ 3,733	\$ (683)
Fire and Ambulance Fund:			
Contractual - Fire	\$ 65,144	\$ 68,136	\$ (2,992)
Contractual - Ambulance	\$ 65,144	\$ 68,136	\$ (2,992)

### **GENERAL LEDGER / CASH ACCOUNTS**

The overall accounting process was good. We did however note that the general ledger was out of balance and that the due to/due from accounts did not balance. We located the entry causing the problem and assisted you in balancing the ledger.

The general checking account is operated much like a common checking account in which the general fund, pays out of its checking account, the bills for all funds and then periodically entries are posted to properly record the cash part of the transaction.

We feel that the present procedure is, in effect, an unauthorized transfer of funds. Either a true common bank account should be used or the transfer of funds should occur each time a bill is paid.



**MONTHLY FINANCIAL STATEMENTS / BUDGET REPORTS**

The budget process would be much easier to manage if the budget data were input into your accounting system. A monthly report would then be prepared reporting both monthly and year to date data as compared to the budget.

This report is intended solely for the information and use of the Briley Township Montmorency County, Michigan, management, and others on the board, and the Michigan Department of Treasury. This report is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Thomas R. Zick, CPA P.C.", written in a cursive style.

Thomas R. Zick CPA, P.C.  
Certified Public Accountant